

EXECUTIVE REVIEW COMMITTEE MEETING

Wednesday, February 23, 2022 – 3:00 PM
Retirement and Investment Conference Room (Virtual)
Teleconferencing: 701.328.0950 Participant Code: 728 380 960#
1600 E Century Ave, Suite 3, Bismarck, ND 58507

AGENDA

- I. Call to Order and Approval of Agenda
- II. Approval of January 20, 2022, Meeting Minutes
- III. SIB Self-Assessment
 - a. Results
 - b. Executive Summary
 - c. Presentation
- IV. Next Executive Review Committee meeting topics
- V. Other Business
- VI. Adjournment

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at (701) 328-9885 at least (3) days prior to the scheduled meeting.

**NORTH DAKOTA STATE INVESTMENT BOARD
EXECUTIVE REVIEW COMMITTEE
MINUTES OF THE
JANUARY 20, 2022, COMMITTEE MEETING**

BOARD MEMBERS PRESENT: Yvonne Smith, PERS
Adam Miller, PERS
Mel Olson, TFFR Board

STAFF PRESENT: Scott Anderson, Chief Investment Officer
Connie Flanagan, Chief Financial Officer
Missy Kopp, Exec Assistant
Jan Murtha, Exec Director
Sara Sauter, Suprv of Internal Audit

CALL TO ORDER:

Ms. Smith called the State Investment Board (SIB) Executive Review Committee (ERC) meeting to order at 11:04 a.m. on Thursday, January 20, 2022, at the Retirement and Investment Office (RIO), 1600 E Century Ave, Ste. 3, Bismarck, ND.

ELCTION OF CHAIR:

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO APPOINT MR. OLSON AS CHAIR OF THE ERC.

**AYES: MR. MILLER, MR. OLSON, AND MS. SMITH
NAYS: NONE
MOTION CARRIED**

MINUTES:

The ERC considered the minutes of the May 12, 2021, meeting,

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO ACCEPT THE MAY 12, 2021, MINUTES AS DISTRIBUTED.

**AYES: MR. MILLER, MS. SMITH, AND MR. OLSON
NAYS: NONE
MOTION CARRIED**

SIB SELF-ASSESSMENT:

Ms. Sauter reviewed the SIB self-assessment results from 2021. The Committee discussed the use of the same tool for the 2022 assessment. Ms. Sauter suggested a start date of January 28, 2022, and a two-week timeframe for Board members to complete the survey. Survey Monkey will be used to administer the assessment. The Committee reviewed the memo to be included in the SIB meeting materials with information about the self-assessment. The ERC will meet in February to review the assessment results before the SIB meeting.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO APPROVE USE OF THE SAME ASSESSMENT TOOL AS LAST YEAR.

**AYES: MS. SMITH, MR. MILLER, AND MR. OLSON
NAYS: NONE
MOTION CARRIED**

ADJOURNMENT:

With no further business to come before the ERC, Mr. Olson adjourned the meeting at 11:20 a.m.

Mr. Olson, Chair

Missy Kopp, Recorder

State Investment Board
2022 Board Self-Evaluation

Compilation of State Investment Board Self-Evaluation Results

GENERAL OVERVIEW

The Board Self-Evaluation consists of five categories, for both the self-assessment and board assessment portions. The five categories in each section which included:

- Board and Staff Roles
- Board and Committee Structure
- Board Meetings
- Policy Making and Reviews
- Financial Management and Investment Practices

Any comments provided by respondents have been included as written in survey responses and have not been edited for spelling, grammar, etc.

**2022 State Investment Board Self-Evaluation
Self Assessment - Board and Staff Roles**

1. I believe I have the skills and training necessary to fulfil my responsibilities as a SIB member.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.73
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

2. I understand the authority that has been retained by the SIB and what duties have been delegated to staff.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.90
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

3. I actively engage in Board meetings by contributing to the discussions in a meaningful way, listening to others (i.e., board members, staff, guests) and communicate my points concisely.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	8	80.00%	3.70	3.40
3 - Agree	1	10.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

4. I make an effort to be educated on the aspects of the investment program that I do not understand.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	3	30.00%	3.30	3.36
3 - Agree	7	70.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

**2022 State Investment Board Self-Evaluation
Self Assessment - Board and Staff Roles**

Comments for Self-Assessment - Board and Staff Meetings:

Dave (previously) and Eric have both been very helpful in this. I have faith that Scott will continue the tradition of being helpful and patient with answering "dumb" questions.

I appreciate the board education that is provided as it helps clear things up for me and give me guidance to look for more information.

I probably could do more to educate myself on the investment programs. I appreciate the Investment Professionals who take the time to present on their investment programs.

I have appreciated the continued board education to ensure that board members have appropriate capacity, specifically in the investment program, to fulfill all board duties. We are fortunate to have outstanding professionals working with NDRIO to help educate and guide the board.

**2022 State Investment Board Self-Evaluation
Self Assessment - Board and Committee Structure**

5. I understand board conduct, abide by it, and avoid conflicts of interest.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	8	80.00%	3.80	3.90
3 - Agree	2	20.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

6. I find my participation on the Board to be stimulating and rewarding.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	7	70.00%	3.60	3.80
3 - Agree	2	20.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

7. I am comfortable with the amount of time I devote as a Board member.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	2	20.00%	3.10	3.50
3 - Agree	7	70.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

8. If I am not able to attend the SIB meeting, I make appropriate notifications to staff and review the information presented at the meeting.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.64
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

**2022 State Investment Board Self-Evaluation
Self Assessment - Board and Committee Structure**

Comments for Self-Assessment - Board and Committee Structure:

I believe the Board's attendance and participation is good with some absences relating to legislative sessions.

I think we as a board need to consider the structure and membership of the board. It's becoming a significantly time consuming position and give other day jobs it might be too much to ask non-investment trained people, myself included, to be members of the board.

Being adequately prepared for each meeting is a significant time burden. I have appreciated the strategies that have been employed (i.e. board education, executive summaries, board memos, etc.) that make this preparation as efficient as possible.

**2022 State Investment Board Self-Evaluation
Self-Assessment - Board Meeting**

9. I am aware of an effective new member orientation program which outlined responsibilities and important organizational information.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.55
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

10. I am prepared for Board meetings, reading information in advance, so I can make informed decisions.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	4	44.44%	3.44	3.64
3 - Agree	5	55.56%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	9	100.00%		

Comments for Self Assessment - Board Meeting:

It is challenging to be prepared when material is not sent one week in advance

The Executive Summary of information is very helpful to highlight what areas we should focus on. I really appreciate getting all of the board materials and presentations in advance so I can try my best to understand them beforehand.

Onboarding to the SIB was done well and addressed many concerns I initially had. I appreciate the thoughtfulness of the planned meetings and those who made time available to visit with me.

I am happy the board is moving forward with the Governance and Policy Committee and hope to see orientation prioritized.

**2022 State Investment Board Self-Evaluation
Self-Assessment - Policy Making and Reviews**

11. I fully understand the policies of the SIB.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	3	30.00%	3.30	3.55
3 - Agree	7	70.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

12. I review board policies as necessary to fulfill my role as a board member.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	3	30.00%	3.30	3.55
3 - Agree	7	70.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

Comments for Self Assessment - Policy Making and Reviews:

I'm sure we could all be better at this.

I review board policies on a regular basis.

I wish that I could say I strongly agree. The past several years have been extremely busy leading both WSI & JSND.

The Governance and Policy Committee is a great start to get a full review of policies.

2022 State Investment Board Self-Evaluation
Self-Assessment - Financial Management and Investment Practices

13. I understand the legal duties and responsibilities required of me as a fiduciary.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022</u> <u>Average</u> <u>Response</u>	<u>2021</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	7	70.00%	3.70	3.91
3 - Agree	3	30.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

14. I sufficiently understand all financial reports and seek clarification when necessary.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022</u> <u>Average</u> <u>Response</u>	<u>2021</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.64
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

15. I am familiar with the annual report by the independent auditors and understand any findings or recommendations.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022</u> <u>Average</u> <u>Response</u>	<u>2021</u> <u>Average</u> <u>Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.91
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Self Assessment - Financial Management and Investment Practices:

Our financial team does a great job making sure we have clean audits and I'm grateful with how much time and attention staff spends to make sure we understand what we are seeing.

I have had an opportunity to be involved with financial management in previous positions and have a good understanding of the investment practices.

Again, the commitment to board education is extremely helpful in this competency area.

**2022 State Investment Board Self-Evaluation
Board Assessment - Board and Staff Roles**

16. The Board members are consistently prepared for meetings and stays engaged.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	2	20.00%	3.20	3.27
3 - Agree	8	80.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

17. The Board has healthy discussions on a topic before making a well informed decision.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	5	50.00%	3.40	3.55
3 - Agree	4	40.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

18. The Board recognizes the authority it has retained and what has been delegated to staff.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.73
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

Comments for Board Assessment - Board and Staff Roles:

Some board members come more prepared than others, but that seems to be the case in any work environment.

Individuals in leadership positions have done a good job of reminding board members of their responsibilities.

Board members have exhibited, on a number of occasions and issues, the willingness to take on difficult topics that will not result in universal board support. Even when board members disagree, however, there is a healthy respect for the dialogue and the collective decision of the board. There have been challenges in recent times, but I also believe that the board, collectively, and board members, individually, truly strive to provide a unified vision.

**2022 State Investment Board Self-Evaluation
Board Assessment - Board and Committee Structure**

19. All Board members regularly attend board meetings.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	3	30.00%	3.10	3.09
3 - Agree	5	50.00%		
2 - Disagree	2	20.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

20. Standing and ad hoc committees complete their tasks in an effective and timely way.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	5	50.00%	3.50	3.73
3 - Agree	5	50.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

21. Standing and ad hoc committees communicate to the full board in an effective and timely manner.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.55
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Board and Committee Structure:

Because of their position responsibilities some members can not attend all meetings.

I believe that attendance overall has continued to improve. It is challenging to have board members attending virtually as the discussion is unable to be as robust. I believe, at some point, we need to expect members to be present at meetings unless emergencies or circumstances don't allow it.

**2022 State Investment Board Self-Evaluation
Board Assessment - Board Meetings**

22. Board meetings are generally well-run and make good use of members' time.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	7	70.00%	3.60	3.73
3 - Agree	2	20.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

23. Board meetings allow the right allocation of time between Board discussions and presentations.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	6	60.00%	3.50	3.73
3 - Agree	3	30.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	<u>10</u>	<u>100.00%</u>		

Comments for Board Assessment - Board Meetings:

Board meetings regularly run long and adequate time is not allocated for discussions.

I'm very pleased with the flow of the Board meetings. The Lt. Gov. does an excellent job keeping things moving and ensuring the meetings are productive.

All Board members are afforded the opportunity to be involved in in the discussion and their is not excessive repetition of thoughts and recommendations.

I think we need to review there packet that gets sent to us as board members. Sending a 300pg document that is not realistic to be reviewed is a liability for the board and the agency. We need to do a better job of prioritizing information that the board truly needs.

**2022 State Investment Board Self-Evaluation
Board Assessment - Policy Making and Reviews**

24. The Board reviews policies on a regular basis and updates them as needed.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	4	40.00%	3.40	3.45
3 - Agree	6	60.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

25. If a new policy is needed for the SIB, the policy is clearly presented to and discussed by the Board.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	6	60.00%	3.50	3.64
3 - Agree	3	30.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Policy Making and Reviews:

The importance of sound policies, and adherence to the policies has been apparent during the year. Drawing attention to any deficiencies in policy as well as any procedures or decisions made that might conflict with policies continues to be critical to our success.

I believe it would be beneficial to have a short governance session each month to review a policy or two each session.

I think this is getting better but might be time for a bylaw review.

Again, the newly developed Governance and Policy Committee will make this area even stronger.

**2022 State Investment Board Self-Evaluation
Board Assessment - Financial Management & Investment Practices**

26. The Board regularly reviews financial, investment, and portfolio.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	6	60.00%	3.60	3.91
3 - Agree	4	40.00%		
2 - Disagree	0	0.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

27. The Board is regularly informed of economic trends or conditions that can effect investment performance.

<u>Answer Choices</u>	<u># Responses</u>	<u>% Responses</u>	<u>2022 Average Response</u>	<u>2021 Average Response</u>
4 - Strongly Agree	6	60.00%	3.50	3.73
3 - Agree	3	30.00%		
2 - Disagree	1	10.00%		
1 - Strongly Disagree	0	0.00%		
	10	100.00%		

Comments for Board Assessment - Financial Management and Investment Practices:

Bringing in consultants and some of our individual fund managers to help explain complex topics is very helpful. I found the recent emerging market presentation particularly informative.

The investment staff combined with Callan and others keep the Board well informed.

The board hears education that supports Financial Management and Investment Practices and the reports provided by staff are easily readable and translatable for board members.

**2021 State Investment Board Self-Evaluation
Overall Assessment**

28. Any final comments, observations, or suggestions for the board self-evaluation?

I am impressed with the tool used, as well as, and the evaluation process implemented by the SIB. It is a great opportunity for each of us to evaluate the role we are playing as Board members.

I really enjoy serving on the SIB. All board members are engaged, professional, and dedicated. Every board meeting I learn something new about investment programs.

I think we are heading in a strong direction. The staff is extremely well prepared and professional, but I do think the board duties and responsibilities have outgrown the expertise of the board members. It may be in our best interest to recommend changes to our membership to the legislature. We have changed dramatically in the last 10-20 years and our board makeup needs to reflect the enhanced position we find our funds reflecting.

There is a perception that the board's decisions are now subject to a higher level of scrutiny than in the past. At a basic level I do not believe this to be the case. Decisions made about large amounts of public money have always been highly scrutinized. I think what members are feeling is a lack of clarity surrounding the decisions made or anticipated to be made particularly in relation to Legacy fund and the In-State Investment Program. Also, there are questions the board faces regarding what to do about/with ESG Investing and any investments that contain ESG components. Does the board focus on ROI, return on investment, only? It is more complicated than that? What criteria will be used to determine success? There are unanswered questions. It seems board members feel compelled to "Do something" with the In-State Investment Program. And I would say that this is reasonable to do so but we must do our best to make the best decisions possible for the affected funds. Preservation of capital is #1 in my book. And #2 is hopefully finding something reasonably intelligent to do with that capital. Publicly there will be very little praise for doing smart things, but there will be hell to pay for doing dumb things.

This is an important practice. Thank you for the Executive Review Committee and to staff for continuing to support it, review it, and make recommendations for board improvement.

I feel that we weathered a rough patch, but I am encouraged that the board is back on track and doing our job quite well.

The Board is becoming a Board where open discussion is discouraged if it is not in alignment with popular sentiment.

Our staff deserves tremendous praise. The board can only function as well as the staff can manage, and we are greatly in their debt for how they have managed a rocky recent year while continuing to do exceptional work.

I believe the SIB has very capable and thoughtful members and staff is very helpful.

No

29. Please let the Executive Review Committee know if there are any areas in the board self-evaluation that you would like to see addressed in the future?

No

I know we have discussed this in the past. I would like more information on how the SIB should respond to questions from the media. When we talk about speaking as one voice, we get criticized from the media for members not talking individually.

This survey is a well designed document that addresses all the important areas.

None.

State Investment Board Self-Assessment Executive Review Summary February 23, 2022

Background

The State Investment Board (SIB) requested Internal Audit of the Retirement and Investment Office (RIO) to assist the SIB Executive Review Committee in developing and administering a Board Self-Evaluation. Internal Audit worked with the Executive Review Committee in administering and reporting the self-evaluation results.

Scope

The evaluation is comprised of twenty-nine questions and consists of five categories for both the self-assessment and board assessment portions. The five categories in each section included: 1. board and staff roles, 2. board and committee structure, 3. board meetings, 4. policy making and reviews, and 5. financial management and investment practices. There were two open-ended questions at the end that asked for any other input for the evaluation and any recommendations for topics to be included in future evaluations. The evaluation was administered through Survey Monkey and results were reviewed by the Executive Review Committee. A four-point scale was used, with 4 – strongly agree, 3 – agree, 2 – disagree, and 1 – strongly disagree as the rating system. Ten out of twelve board members participated in the evaluation.

Results Summary

The average score of the self-assessment portion of the evaluation decreased from 3.67 in 2021 to 3.50 in 2022. All scores decreased from last year except for the question on being actively engaged in Board meetings. In the self-assessment section, Board members agreed they understand their legal duties and responsibilities of being a fiduciary and understand Board conduct. Areas of improvement also have been identified. With the challenges of the past year, Board members stated that the significant time to prepare for each meeting has become burdensome with other responsibilities that Board members have outside of serving on the Board. Overall comments included that the Executive Summary for Board meetings is appreciated as there is a lot of information to review and that establishing the Governance and Policy Review Committee will help with reviewing policies. Board members were also complimentary to staff on their presentations, board education, and willingness to answer questions.

The average score of the board assessment portion of the evaluation also decreased from 3.59 in 2021 to 3.43 in 2022. Similarly, all scores declined from last year, except for all Board members regularly attend Board meetings which had a slight increase. From a board level, board members felt that meetings were a good use of time and well-ran. All agreed the Board regularly reviews the financial, investment, and portfolio status. There were several areas identified for improvement. Comments included reviewing governance and bylaws more frequently; however, the establishment of the Governance and Policy Review Committee should help strengthen this area. Secondly, Board packets can be large so prioritizing information within them so the Board members can better prepare.

Overall, the general comments were positive. Comments included:

- The Board Self-Evaluation as a good tool for the Board.
- Appreciation of staff and all they do.
- The Board has weathered a rough patch but seems to be on the right track.
- Board members may feel a lack of clarity surrounding the decisions that need to be made especially with the in-state investing and Legacy Fund. That there are many unanswered questions, and the Board needs to get on the same page to before just doing something because they feel compelled to.

For the comparison of the self-assessment and board assessment, an area that the board may need more clarity in is what authority does the Board retain and what authority is delegated to staff. Similarly, reviewing policies and board governance is an area that could be strengthened; however, the establishment of the Governance and Policy Review Committee should assist in this area. Also, being adequately prepared for Board meetings, as comments stated it can be hard given the volume of materials contained in the board packets.

Overall, the SIB Board Self-Evaluation was positive and continues to show areas the Board wishes to improve on.



State Investment Board
RETIREMENT & INVESTMENT

2022 State Investment Board Evaluation

February 23, 2022

Self-Assessment Results

Areas of Strength

- Actively Engaged
- Understands Board Code of Conduct
- Avoids Conflicts of Interest

Areas of Improvement

- Overwhelming amount of information for Board meetings
- Reviewing Governance Regularly

Board Assessment Results

Areas of Strength

- Meetings are well-run
- Willingness to discuss difficult topics
- Regularly reviews financial, investment, and portfolio reports

Areas of Improvement

- Prioritizing Board Packet information
- Reviewing Bylaws & Governance regularly

General Comments



The Board Self-Evaluation as a good tool for the Board.



Appreciation of staff and all they do.



The Board has weathered a rough patch but seems to be on the right track.



Board members may feel a lack of clarity surrounding the decisions that need to be made especially with the in-state investing and Legacy Fund. That there are many unanswered questions, and the Board needs to get on the same page to before just doing something because they feel compelled to.

Observations

Clarity on Authority

- Board versus Delegated to Staff

Reviewing Policies & Governance

Board Packets

- Prioritizing Information



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QUESTIONS OR COMMENTS?